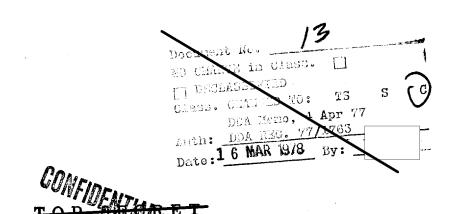
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FAR EAST

1. CHINA: Nationalist Governor of Taiwan discouraged -- US Charge Strong in Taipei transmits the opinion of recently appointed Governor K.C. Wu that the drastic changes necessary to salvage the economy and to assure the proper defense of Taiwan could not be effected without the help of US advisors. Governor Wu added that Chiang Kai-shek's self-confidence is badly shaken and that advisors would now be able to dictate "any and all changes." Strong reports that although Wu is making progress in small ways, major issues are sure to wreck his efforts; the obviously tired and discouraged Nationalist Governor expects decisively unfavorable developments in the near future, with "complete failure" probably becoming apparent before the end of February 1950. The Charge expresses the conviction that Wu's appeal was not only on instructions from above but also represented Wu's own last hope to achieve something "real and basic."

State Dept. review completed



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